

Message Text

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ACTION EB-07

INFO OCT-01 EA-10 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 XMB-04

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R 180320Z JUL 75

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 9974

UNCLAS RANGOON 2029

E.O. 11652: N/A

TAGS: EFIN EIND EINV EALR BM

SUBJ: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: (A) STATE 165596 (B) RANGOON A-053, MARCH 22, 1974

1. THE SOCIALIST GOVERNMENT OF BURMA CONTINUES TO PROHIBIT PRIVATE FOREIGN INVESTMENT IN THE COUNTRY. LAST YEAR THE GOVERNMENT SIGNED AGREEMENTS ALLOWING FOUR FOREIGN PETROLEUM CONSORTIUMS, INCLUDING TWO U.S. COMPANIES, TO PARTICIPATE IN OFFSHORE OIL EXPLORATION. THIS MOVE PROMPTED CONSIDERABLE SPECULATION THAT BURMA MIGHT LIBERALIZE ITS ATTITUDE TOWARD PRIVATE FOREIGN INVESTMENT IN OTHER SECTORS, PARTICULARLY IN THE ONSHORE MINERALS INDUSTRY. HOWEVER, THE BURMESE GOVERNMENT HAS TAKEN NO FURTHER STEPS THAT WOULD SIGNAL A LIBERALIZATION OF ITS POLICY TOWARD FOREIGN INVESTMENT AND ALL INDICATIONS ARE THAT TOP-LEVEL GOVERNMENT POLICY MAKERS REMAIN OPPOSED TO SUCH A MOVE. HENCE, THERE SEEKS LITTLE PROSPECT FOR PRIVATE FOREIGN PARTICIPATION IN BURMA'S ECONOMY, OTHER THAN OFF-SHORE PETROLEUM EXPLORATION, WITHIN THE COMING YEAR.

2. AS FOR PETROLEUM EXPLORATION AGREEMENTS, THESE ARE BASICALLY CONTRACTS WHICH THE FOREIGN COMPANIES HAVE SIGNED WITH THE GOVERN-

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MENT OWNED MYANMA OIL CORPORATION TO DO OFFSHORE EXPLORATION IN

BURMESE WATERS. THE COMPANIES DID NOT OBTAIN OR PAY FOR LEASES BUT RATHER PURCHASED SEISMIC INFORMATION FROM THE GOVERNMENT CONCERNING THE AREAS IN WHICH THEY ARE ALLOWED TO EXPLORE. SHOULD THEY FIND PETROLEUM, THE COMPANIES CAN RECOVER EXPLORATION COSTS AND PARTICIPATE IN PRODUCTION ON A PROFIT SHARING BASIS WITH MYANMA OIL COMPANY. THESE FIRMS OWN NO PROPERTY IN BURMA AND MAINTAIN A MINIMUM STAFF IN THE COUNTRY. THUS, THEIR TOTAL INVESTMENT IN BURMA PER SE IS NEGLIGIBLE.

3. AFTER IT HAS HAD TIME TO STUDY THE ACTIVITIES OF THOSE COMPANIES PRESENTLY OPERATING IN BURMESE WATERS, THE GOVERNMENT MAY CONSIDER SIGNING SIMILAR AGREEMENTS WITH OTHER FOREIGN COMPANIES FOR EXPLORATION OF REMAINING OFFSHORE BLOCKS. HOWEVER, IT IS UNLIKELY THAT ADDITIONAL AGREEMENTS WILL BE NEGOTIATED IN THE IMMEDIATE FUTURE.

4. INVESTMENT STATISTICS:

U.S. DIRECT INVESTMENT AT END OF 1974

TOTAL, ALL INDUSTRIES - NEGLIGIBLE

MINING AND SMELTING - NIL

PETROLEUM - NEGLIGIBLE

MANUFACTURING - NIL

OTHER INDUSTRY - NIL

DIRECT INVESTMENT BY ALL COUNTRIES AT END OF 1974

TOTAL, INCLUDING U.S. - NEGLIGIBLE

OTHER COUNTRIES - JAPAN, FRANCE, GERMANY

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, AGREEMENTS, DATA, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975RANGOO02029
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750248-0525
From: RANGOON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750742/aaaablop.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 165596, 75 RANGOON A-53
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 12 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 FEB 2003 by ThomasVJ>; APPROVED <19 MAR 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FOREIGN INVESTMENT CLIMATE AND STATISTICS
TAGS: EFIN, EIND, EINV, EALR, BM, XX, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006